

**DEPOSITORY CONTRACT
COMMERCIAL BANK SERVICES**

**THE STATE OF TEXAS)(
COUNTY OF BRAZOS)(**

First American Bank, Bryan, Texas desired to be a depository for the City of College Station.

The Signed Request for Application submitted by First American Bank, Bryan, Texas is attached hereto and made part of the contract for all purposes.

First American Bank, Bryan, Texas hereby pledges securities as shown by Exhibit #1, attached hereto and made a part of this contract for all purposes, as a pledge to the City of College Station, Texas, to secure its deposits of funds of said City of College Station, Texas, as provided for in said designation, said securities in the part and appraised value of the greater of \$1,000,000.00 or 1.05 times the uninsured deposits of the City of College Station, Texas, held by First American Bank, Bryan, Texas.

The said securities, during the life of this contract, are to be held and retained in the custody of the Federal Home Loan Bank of Dallas, Texas, hereinafter called the Custodial Bank. First American Bank, Bryan, Texas will at all times keep on deposit with said Custodial Bank an amount of securities equal in value to the greater of \$1,000,000 or 1.05 times the total amount of the deposits of the City. This amount will exclude deposit insurance as provided, now or hereafter, by the Federal Deposit Insurance Corporation. In the event of a reduction in the amount of said deposits, the amount of said securities pledged with said Custodial Bank may be proportionally withdrawn. First American Bank, Bryan, Texas, shall have the right at all times to collect interest accruing on said securities. It shall also have the right to substitute securities for existing securities in the same amount at any time with the written approval of the City Council of the City of College Station, Texas, or its designated agent. It shall also have the right to collect any maturing securities, but at the same time must replace an equal amount of acceptable securities in lieu thereof. It is the condition of this pledge that First American Bank, Bryan, Texas, will faithfully perform all duties and obligations imposed by law, City Charter, or ordinance upon it as a City Depository, and that it shall faithfully, upon presentation, pay any and all checks and drafts upon said Depository by the City of College Station, Texas, and that the said Bank shall faithfully keep all funds of said City of College Station, Texas, deposited with it and account therefor according to law. During the life of this contract the said City of College Station, Texas, shall have a first and prior lien upon all of said securities which may now or hereafter be in the hands of the said Custodial Bank to secure the faithful

performance of this contract and the observance of the above conditions.

In the event of default, failure or insolvency of First American Bank, Bryan, Texas, the designated agent of the City Council shall, upon request, be given a power of attorney authorizing transfer or liquidation of the securities utilized to collateralize deposits and placed in custodial account of the City. If the security is transferred, ownership of the security will transfer entirely to the City. If the security is liquidated, any proceeds over the value of the defaulted amount of the deposits, including accrued interest, plus expenses related to the liquidation transaction, shall be returned to First American Bank, Bryan, Texas.

After obtaining the approval of the City Council of the City of College Station, Texas, or its designated agent, the Custodial Bank may be changed and the securities deposited with such other Custodial Bank as may be approved by the City of College Station, Texas.

This agreement of pledge shall take effect upon the approval thereof by the City of College Station, Texas, to be evidenced by the signature of the Mayor hereunto affixed, attested by the City Secretary, and the seal of said City of College Station, Texas and by a certified copy of resolution of the City Council of the City of College Station, Texas, approving this agreement, attached to a copy of this agreement, attached hereto and made a part of this contract for all purposes. A written acceptance of the said Custodial Bank to be evidenced by the signature of an officer, duly and lawfully authorized by a resolution of the Board of Directors, thereof as shown by Exhibit #2 or similar document, shall be attached hereto and made a part of this contract for all purposes.

CITY OF COLLEGE STATION

By: _____
Lynn McIlhaney, Mayor

Date: _____

ATTEST:

Connie Hooks, City Secretary

Date _____

APPROVED:

Thomas Brymer, City Manager

Date _____

Harvey Cargill, Jr., City Attorney

Date _____

Charles Cryan, Director of Fiscal Services

Date _____

STATE OF TEXAS

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COUNTY OF BRAZOS

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ACKNOWLEDGMENT

This instrument was acknowledged before me on the _____ day of _____, 2001,
by _____ in his/her capacity as _____ of _____, a
corporation, on behalf of said corporation.

Notary Public in and for
the State of Texas

EXHIBIT I

First American Bank, SSB Collateral Held for the City of College Station

<u>Description</u>	<u>Original Face</u>	<u>Market Value¹</u>
Cusip# 3133T0AL FHLMC Series 1541 F	\$3,000,000.00	\$2,169,105.22

¹ As of January 2001



First American Bank, SSB

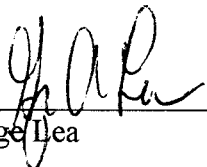
TO: Attachment to Bank Depository Contract

DATE: February 5, 2001

SUBJECT: Bank Depository Contract-City of College Station

The trustee for all collateral that is required under the subject contract is the Federal Home Loan Bank of Dallas. The trustee's policy is not to enter into specific depository contracts such as the subject contract. However, the trustee will issue a confirmation acknowledging the pledge of each specific security by First American Bank to the City of College Station. The Trustee will hold each security as pledged in the account of First American Bank until released by the City of College Station.

First American Bank, SSB



George Lea

Executive Vice President
Title

Exhibit 3

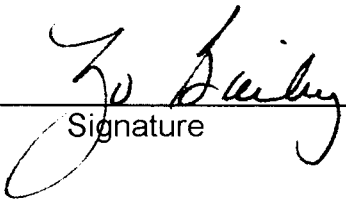
Bank Signatory Resolution

By resolution passed by the Board of Directors on the 28 day of June,

2000, I, Zo Bailey, Corporate Secretary
(Print Name) (Print Title)

hereby certify that George Lea was authorized to
Name

sign the bid and execute the depository contract of the City of College Station.


Signature

ATTEST:

Corporate Seal